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GRAMBLING STATE UNIVERSITY

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Release Date 01-10-01 ✓

SINGLE AUDIT REPORT

FOR THE YEAR ENDED JUNE 30, 2000

Bruno

CERTIFIED PUBLIC ACCOUNTANTS

& Tervalon, LLP

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**INDEPENDENT AUDITORS' REPORT ON THE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Dr. Steve Favors, President
Grambling State University
Grambling, Louisiana 71245

We were engaged to audit the accompanying Schedule of Expenditures of Federal Awards of **Grambling State University (the University)** for the year ended June 30, 2000. The Schedule of Expenditures of Federal Awards is the responsibility of the management of **the University**. The accompanying Schedule of Expenditures of Federal awards is not a part of **the University's** component unit financial statements for the year ended June 30, 2000. The component unit financial statements are audited by the State of Louisiana Legislative Auditor whose report dated December 11, 2000 contained a disclaimer of an opinion on the general purpose financial statements.

Due to difficulties experienced by **the University** in ensuring that accounting transactions were accurately recorded to the accounting records, there are risks of misclassification of accounts and incorrect postings of amounts and risks that transactions and accounts that should be recorded in the Schedule of Expenditures of Federal Awards might be omitted. As such, we were unable to restrict such risk by performing sufficient substantive procedures to enable us to form an opinion regarding the amounts recorded as expenditures in the accompanying Schedule of Expenditures of Federal Awards.

Because of the significance of the matters discussed in the preceding paragraph, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the Schedule of Expenditures of Federal Awards.

**INDEPENDENT AUDITORS' REPORT ON THE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(CONTINUED)**

Dr. Steve Favors, President
Grambling State University
Grambling, Louisiana 71245
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In accordance with Government Auditing Standards, we have also issued our report dated December 27, 2000 on our consideration of **Grambling State University's** internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of attempting an audit in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our engagement. Also, that report identified an instance of noncompliance and a reportable condition which was considered to be a material weakness.

We were engaged to audit the Schedule of Expenditures of Federal Awards for the purpose of forming an opinion on the Schedule of Expenditures of Federal Awards, taken as a whole. The supplementary data included in this report is presented for the purposes of additional analyses and is not a required part of the Schedule of Expenditures of Federal Awards. As discussed previously, the scope of our work was not sufficient to enable us to express an opinion on the Schedule of Expenditures of Federal Awards. Similarly, we are unable to express and do not express, an opinion on the accompanying supplementary data.

Bruno & Tervalon, LLP
BRUNO & TERVALON, LLP
CERTIFIED PUBLIC ACCOUNTANTS

December 27, 2000

GRAMBLING STATE UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2000

<u>FEDERAL GRANTOR/PROGRAM NAME</u>	<u>FEDERAL CFDA OR OTHER NUMBER</u>	<u>PASS-THROUGH ENTITY'S NUMBER</u>	<u>ACTIVITY</u>
<u>U.S. Department of Defense</u>			
<i>Awards from a Pass-Through Entity</i>			
<u>Through: Northrop Grumman</u> Department of Defense High Performance Computing Program	N/A	972-0383-07	110,039
<u>Through: Bethune Cookman</u> Research and Technology Development	12.910	320026-1999At	<u>5,703</u>
Total U.S. Department of Defense			<u>115,742</u>

The accompanying notes are an integral part of this Schedule.

GRAMBLING STATE UNIVERSITY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2000

<u>FEDERAL GRANTOR/PROGRAM NAME</u>	<u>FEDERAL CFDA OR OTHER NUMBER</u>	<u>PASS-THROUGH ENTITY'S NUMBER</u>	<u>ACTIVITY</u>
<u>U.S. Department of Defense, Continued</u>			
<u>U.S. Department of the Army</u>			
<i>Direct Awards</i>			
U.S. Army ROTC Cadet Command	DABT60-96-P-0420	-----	\$ 3,287
Integrating Research Results from Parallel and Distributed Computing	DAA-LO1-97-2-0159	-----	<u>10,796</u>
Total U. S. Department of the Army			<u>14,083</u>
<u>Office of Naval Research - U.S. Department of the Navy</u>			
<i>Research and Development Cluster</i>			
<i>Direct Awards</i>			
Parallel and Distributed Evaluation, Visualization and Reasoning to Advanced Distributive Interactive Simulation Technology	DAAH04-95-1-0250	-----	<u>1,012,714</u>
Sub-total			<u>1,012,714</u>

The accompanying notes are an integral part of this Schedule.

GRAMBLING STATE UNIVERSITY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED
 FOR THE YEAR ENDED JUNE 30, 2000

<u>FEDERAL GRANTOR/PROGRAM NAME</u>	<u>FEDERAL CFDA OR OTHER NUMBER</u>	<u>PASS-THROUGH ENTITY'S NUMBER</u>	<u>ACTIVITY</u>
<u>U.S. Department of the Navy, Continued</u>			
<i>Research and Development Cluster, Continued</i>			
<i>Direct Awards</i>			
Basic and Applied Scientific Research	12.300	-----	\$ <u>362,758</u>
Total U.S. Department of the Navy			
<u>1,375,472</u>			
 <u>U.S. Department of the Interior</u>			
<i>Direct Awards</i>			
Fish and Wildlife Management Assistance	15.608	-----	<u>32,601</u>
Total U.S. Department of the Interior			
<u>32,601</u>			

The accompanying notes are an integral part of this Schedule.

GRAMBLING STATE UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2000

<u>FEDERAL GRANTOR/PROGRAM NAME</u>	<u>FEDERAL CFDA OR OTHER NUMBER</u>	<u>PASS-THROUGH ENTITY'S NUMBER</u>	<u>ACTIVITY</u>
<u>U.S. Department of Justice</u>			
<i>Direct Awards</i>			
Public Safety Partnership and Community Policing Grants	16.710	-----	\$ <u>16,418</u>
Total U.S. Department of Justice			
<u>U.S. Department of Labor</u>			
<i>Awards From A Pass-Through Entity</i>			
Through: Career Center of Union Parish Employment and Training Research and and Development Projects	17.248	31113	<u>7,483</u>
Total U.S. Department of Labor			
			<u>7,483</u>

The accompanying notes are an integral part of this Schedule.

GRAMBLING STATE UNIVERSITY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED
 FOR THE YEAR ENDED JUNE 30, 2000

<u>FEDERAL GRANTOR/PROGRAM NAME</u>	<u>FEDERAL CFDA OR OTHER NUMBER</u>	<u>PASS-THROUGH ENTITY'S NUMBER</u>	<u>ACTIVITY</u>
<u>National Aeronautics and Space Administration</u>			
<i>Awards from a Pass-Through Entity</i>			
Through: Howard University CSTEA HBCU Academic Research Consortium	N/A	NCC-5197	\$ 83,678
<u>Research and Development Cluster</u>			
<i>Direct Awards</i>			
Polymeizable Monomer Reactants	NCC3-512	-----	48,419
<u>Awards from a Pass-Through Entity</u>			
Through: New Mexico Highlands University NLO Polymers That Have Enhanced Thermal Stability	N/A	NAG8-1392	<u>77,014</u>
Total National Aeronautics and Space Administration			<u>209,111</u>

The accompanying notes are an integral part of this Schedule.

GRAMBLING STATE UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2000

<u>FEDERAL GRANTOR/PROGRAM NAME</u>	<u>FEDERAL CFDA OR OTHER NUMBER</u>	<u>PASS-THROUGH ENTITY'S NUMBER</u>	<u>ACTIVITY</u>
<u>U.S. Department of Energy</u>			
<i><u>Research and Development Cluster</u></i>			
<i><u>Awards from a Pass-Through Entity</u></i>			
Through: Xavier University of Louisiana Magneto - Chemical Character Studies	N/A	DE-FG22 93PC96225	\$ <u>7,831</u>
Total U.S. Department of Energy			<u>7,831</u>

The accompanying notes are an integral part of this Schedule.

GRAMBLING STATE UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2000

<u>FEDERAL GRANTOR/PROGRAM NAME</u>	<u>FEDERAL CFDA OR OTHER NUMBER</u>	<u>PASS-THROUGH ENTITY'S NUMBER</u>	<u>ACTIVITY</u>
<u>U.S. Department of Education</u>			
<u>Direct Awards</u>			
International Overseas Group - Projects Abroad	84.021	-----	\$ 60,000
Higher Education - Institutional Aid	84.031	-----	2,616,493
Trio - Student Support Service	84.042	-----	198,416
Trio - Upward Bound	84.047	-----	535,424
Minority Science Improvement	84.120	-----	46,121
Child Care Access	84.335	-----	11,536
<u>Awards From a Pass-Through Entity</u>			
<u>Through: Concordia Parish School Board</u>			
Technology Innovation challenge Grants	84.303	30245	15,736
<u>Through: Monroe City School System</u>			
Magnet Schools Assistance	84.165A	S165A980035	<u>158,854</u>
Sub-total			<u>3,642,580</u>
<u>Student Financial Assistance Cluster</u>			
<u>Direct Awards</u>			
Federal Supplemental Educational Opportunity Grants	84.007	-----	752,097
Federal Family Education Loans	84.032	-----	22,076,944
Federal Work-Study Program	84.033	-----	611,438
Federal Pell Grant Program	84.063	-----	<u>7,353,610</u>
Sub-total - Student Financial Assistance Cluster			<u>30,794,089</u>
Total U.S. Department of Education			<u>34,436,669</u>

The accompanying notes are an integral part of this Schedule.

GRAMBLING STATE UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2000

<u>FEDERAL GRANTOR/PROGRAM NAME</u>	<u>FEDERAL CFDA OR OTHER NUMBER</u>	<u>PASS-THROUGH ENTITY'S NUMBER</u>	<u>ACTIVITY</u>
<u>U.S. Department of Health and Human Services</u>			
<i>Direct Awards</i>			
Alcohol Research Program	93.273	-----	\$ 15,871
Mental Health National Research Service Awards	93.282	-----	238,113
Research for Mothers and Children	93.865	-----	65,589
Minority Access to Research Careers	93.880	-----	124,532
Partnership for Minority Access to Baccalaureate	2R256M51773-02	-----	109,077
MBRS Program at Grambling	551466MO4531-08	-----	60,656
Special Minority Initiative	93.960	-----	7,260
Through: <u>National Youth Sports Program</u>			
Community Services Block Grants-			
Discretionary Awards	93.570	98-261	<u>102,151</u>
Total U.S. Department of Health and Human Services			<u>723,249</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$36,938,659</u>

The accompanying notes are an integral part of this Schedule.

GRAMBLING STATE UNIVERSITY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE 1 - General:

Grambling State University (GSU) located in Grambling, Louisiana is an institution of higher education founded in 1901.

The University is a multi-purpose state supported co-education institution with degree-granting academic units which include the following:

- College of Business;
- College of Education;
- School of Social Work;
- School of Nursing;
- Division of Graduate Studies;
- Division of Academic Support Services;
- College of Science Technology; and
- College of Liberal Arts.

As defined by Government Accounting Standards Board Statement Number 14, **the University** is a component unit of the State of Louisiana (the Financial Reporting Entity) within the executive branch of government and is governed by the Board of Trustees for State Colleges and Universities.

The University has an enrollment of approximately 5,626 students and is accredited by the Southern Association of Colleges and Schools and the National Council for Accreditation of Teachers Education.

Grambling State University is the recipient of various Federal grants, subgrants and awards from the U.S. Department of Education, the Department of Health and Human Services, the State of Louisiana and other agencies to assist in achieving a higher level of learning for its student body. Total direct federal and federal awards passed through other agencies amounted to more than \$37,766,340 for the fiscal year July 1, 1999 through June 30, 2000. Included in this amount is funding for the Student Financial Aid Program Cluster which totaled \$30,794,089 and includes loans to students under the *Federal Family Education Loan Program* (\$22,076,944).

GRAMBLING STATE UNIVERSITY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(CONTINUED)

NOTE 1 - General, Continued:

Student Financial Aid

Grambling State University was approved during January, 1959 by the then Office of Education for participation in the Student Financial Aid Programs. These programs include the Federal Perkins Program, Nursing Student Loan Program, Federal Work Study Program (FWS), Federal Supplemental Education Opportunity Grant Program (FSEOG), Federal PELL Grant and the Federal Family Education Student Loan Program (FFEL). Listed below is a brief description of the Student Aid Programs administered by **the University**.

o Federal Perkins Loan Program

The University entered into an agreement to establish a NDSL program under the National Defense Education Act of 1958, which was transferred in 1972 to Title IV Part 674 of the Higher Education Act of 1965. Beginning with the 1987-88 award year, the NDSL Program was renamed the Perkins Loan Program in honor of the late Carl D. Perkins, former chairman of the House Education and Labor Committee. The records of the institution indicate that loans aggregating \$7,658,319 have been made to 8,805 students since the establishment of the program at the Institution.

o Nursing Student Loan Program (NSL)

The University entered into an agreement with the U.S. Department of Health and Human Services to establish a Nursing Student loan program. The records of the institution indicate that loans aggregating \$367,941 have been made to students. **The University's** participation in the Nursing Student Loan program was terminated due to the high default rate.

GRAMBLING STATE UNIVERSITY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(CONTINUED)

NOTE 1 - General, Continued:

o Federal Work-Study Program

The University established the FWS Program pursuant to Title IV, Part C of the Higher Education Act of 1965, as amended. During the year ended June 30, 2000, federal expenditures totaled \$611,438, of which \$27,642 was for administrative costs and \$583,796 for wages.

The University elected and received approval from the Department of Education to waive the institutional matching requirement for the Federal Work Study program's approved funding level for the fiscal year ended June 30, 2000. **The University** was entitled to this waiver because of its participation in the Strengthening Historically Black Colleges Title III Program.

o FSEOG Program

The FSEOG Program was established at **the University** in 1965 under Title IV, Part A of the Higher Education Act of 1965, as amended. During the year ended June 30, 2000, awards made from Federal funds aggregated \$716,255 and **the University** recorded indirect costs of \$35,842.

The University received approval from the Department of Education to waive the institutional matching requirement for the FSEOG program.

o Federal PELL Grant Program

The Institution entered into an agreement with the Office of Education to participate in the Federal PELL Grant Program. This program provides eligible students with a foundation of financial aid to help defray the costs of post secondary education. During the year \$7,353,610 was expended for Federal PELL Grant awards to full-time and part-time students. **The University** received an administrative cost reimbursement of \$15,045.

GRAMBLING STATE UNIVERSITY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(CONTINUED)

NOTE 1 - General, Continued:

o Federal Family Education Loan Program

The Federal Family Education Loan program enables eligible undergraduate students to borrow directly from a bank or other lending institution. During the current year, approximately \$22,076,944 was disbursed to students under the Federal Family Education Loan program. The Federal Family Education Loan Program's Cohort default rate is 20.8 percent. As such, **the University** has developed and implemented a Default Management Plan to reduce the default rate among students.

The Student Financial Aid programs are administered by the University's Financial Aid Department. All accounting for the Student Financial Aid programs is performed by **the University's** Accounting Department. Accounting is under the control of the Vice President for Finance and Financial Aid reports to the Vice-President for Enrollment Management and Academic Services.

NOTE 2 - Basis of Presentation and Accounting:

The information in the Schedule of Expenditures of Federal Awards is presented in accordance with the requirements of OMB Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the *basic* financial statements.

GRAMBLING STATE UNIVERSITY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(CONTINUED)

NOTE 2 - Basis of Presentation and Accounting, Continued:

The purpose of the Schedule of Expenditures of Federal Awards is to present a summary of those activities of **Grambling State University** for the year ended June 30, 2000 which have been financed principally by the U. S. Government (federal awards). For purposes of the schedule, federal awards include all Federal assistance and procurement relationships entered into directly between **the University** and the federal government and sub-awards from non-federal organizations made under federally sponsored agreements. Because the Schedule presents only a selected portion of the activities of **the University**, it is not intended to and does not present either the financial position, changes in fund balances or the current fund's revenues, expenditures, and other changes of **the University**.

The Schedule of Expenditures of Federal Awards is presented on the modified accrual basis. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 3 - Program Organization and Financing-(Perkins and Nursing Student Loan Programs):

The Perkins Loan Program Fund is operated by the Institution under an agreement with the United States Department of Education. The accounts of the Program are included among the Loan Funds of **the University**.

GRAMBLING STATE UNIVERSITY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(CONTINUED)

NOTE 3 - Program Organization and Financing-(Perkins and Nursing Student Loan Programs), Continued _____ :

The University made loans to students of \$33,333 during the year ended June 30, 2000 using reprogrammed funds. The Program is financed by contributions from the Department of Education which are matched, at a ratio of one-to-three, by contributions from the University. However, the University will not receive federal capital contributions since the University's default rate exceeds 20%. Strategies specified in the Default Management Plan will be implemented for the Federal Perkins Loan program in order to lower the default rate. In addition, the University will implement the following strategies:

- Process the monthly Activity Reports in an aggressive manner from the billing agency, EFG Technologies, in identifying borrowers who are more than 30 days delinquent. Borrowers whose accounts are seriously delinquent will be submitted to the State Attorney General's (AG) Office for collection.
- Implement a signed contract with another collection agency to collect on accounts that have been returned from the AG's Office.

The contributions made to the Program and loans due to the program are as follows:

<u>Funding Source</u>	<u>Period from Inception to June 30, 2000</u>	<u>For the Year Ended June 30, 2000</u>
Federal	\$3,737,084	\$-0-
University	<u>415,232</u>	<u>-0-</u>
Total	<u>\$4,152,316</u>	<u>\$-0-</u>

GRAMBLING STATE UNIVERSITY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(CONTINUED)

NOTE 3 - Program Organization and Financing-(Perkins and Nursing Student Loan Programs), Continued :

Analysis of Loans Receivable

	Period from Inception to <u>June 30, 2000</u>	For the Year Ended June 30, <u>2000</u>
Balance, beginning of period/year	\$ -0-	\$1,884,331
Funds advanced	<u>7,658,319</u>	<u>33,333</u>
 Total	 <u>7,658,319</u>	 <u>1,917,664</u>
 Less:		
Collections	3,359,352	90,610
Cancellations:		
Teaching service	703,174	6,326
Death	35,826	-0-
Bankruptcy	72,396	-0-
Military	225	-0-
Defaulted loan principal assigned to Federal		
Government	1,319,672	-0-
Other principal adjustments	<u>346,911</u>	<u>(35)</u>
 Total credits	 <u>5,837,556</u>	 <u>96,901</u>
 Balance, June 30, 2000	 <u>\$1,820,763</u>	 <u>\$1,820,763</u>

GRAMBLING STATE UNIVERSITY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(CONTINUED)

NOTE 3 - Program Organization and Financing-(Perkins and Nursing Student Loan Programs), Continued :

The Nursing Student Loan Program is operated by the Institution under an agreement with the Department of Health and Human Services. The accounts of the program are included among the Loan Funds of the University.

The University did not make any loans to students for the year ended June 30, 2000.

The program was financed by contributions from the U.S. Department of Health and Human Services, which were matched, at a ratio of one-to-nine by contributions from the University. However, during the year ended June 30, 1997, the University was notified by the Department of Health and Human Services that the program was terminated due to the high default rate. The contributions made to the program, repayments to the federal government and loans receivables are as follows:

Analysis of Contributions

<u>Funding Source</u>	Period from Inception to <u>June 30, 2000</u>	For the Year Ended June 30, <u>2000</u>
Federal	\$318,176	\$-0-
University	<u>35,353</u>	<u>-0-</u>
Total	<u>\$353,529</u>	<u>\$-0-</u>

Analysis of Repayments

Funding Source

Federal	\$89,379	\$35,184
University	<u>-0-</u>	<u>-0-</u>
Total	<u>\$89,379</u>	<u>\$35,184</u>

GRAMBLING STATE UNIVERSITY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(CONTINUED)

NOTE 3 - Program Organization and Financing-(Perkins and Nursing Student Loan Programs), Continued :

Analysis of Loans Receivable

	<u>Period from Inception to June 30, 2000</u>	<u>For the Year Ended June 30, 2000</u>
Balance, beginning of period/year	\$ -0-	\$281,782
Funds advanced	<u>367,941</u>	<u>-0-</u>
 Total	 <u>367,941</u>	 <u>281,782</u>
Less: Collections	110,801	25,142
Adjustments	<u>500</u>	<u>-0-</u>
 Total credits	 <u>111,301</u>	 <u>25,142</u>
 Balance, June 30, 2000	 <u>\$256,640</u>	 <u>\$256,640</u>

NOTE 4 - Department of Education Loan:

The University of Louisiana System Board of Trustees has signed a loan agreement, on behalf of the University, with the U.S. Secretary of Education in the amount of \$3,500,000. These funds are to be used for financing the construction of four new dormitories pursuant to Title IV of the Housing Act of 1950. The loan shall bear interest at the rate of 3% per annum on the unpaid balance. The principal and interest shall be payable in semi-annual installments of \$88,877 over a term of 30 years. The payments are to commence at the point any of the new dormitories become revenue-producing. As of June 30, 2000, the outstanding loan balance is \$2,982,107. Payments totaling \$86,343 were made during the year. This balance is disclosed in the Schedule of Disclosures for Federally Assisted Loans.

GRAMBLING STATE UNIVERSITY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(CONTINUED)

NOTE 5 - Supplementary Financial Information:

The Schedule of Disclosures for federally assisted loans summarizes the amount of loans made or disbursed during the year for the Federal Family Education Student Loan Program, College Housing Facilities Loans, the Perkins Loan, the NSL Programs and the Department of Education. Additionally, the Schedule summarizes the amount of principal and interest canceled (military and teacher) for the National Defense/Perkins Loan Program.

The Schedule of Fixed Price Contracts summarizes the total amount of revenues received under fixed-price contracts.

The Schedule of Secondary Subrecipients of major Federal Programs represent disbursements of major program funds to non-state of Louisiana subrecipients.

The Schedule of State Agency/University subrecipients of Federal programs represent disbursement of federal funds to State of Louisiana agencies.

The Schedule of Non-Federal Expenditures sets forth the non-federal program expenditures and disbursements funded by the State of Louisiana and Private sources.

The Schedule of Inter-Agency Expenditures of Federal Awards summarizes federal expenditures financed by the State of Louisiana with funds received from the federal government.

GRAMBLING STATE UNIVERSITY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(CONTINUED)

NOTE 6 - Contingencies:

Participation in Grant Programs

The University administers and participates in certain federal and state programs as disclosed in the Schedule of Expenditures of Federal Awards. In connection with the administration and operations of these grants, **the University** is to expend grant funds and allocations in accordance with program guidelines and regulations. However, should **the University** have operated/administered the programs and/or grants in a manner which would be in non-compliance with the guidelines and regulations, **the University** may be required by the funding sources to repay some portion or all of the grant award.

Our audit disclosed certain items or transactions as findings. The accompanying Schedule of Expenditures of Federal Awards has not been adjusted for disallowed costs that could result from those items. The ultimate resolution or determination as to whether the costs will be allowable or unallowable under the affected grants will be made by the various funding sources.

NOTE 7 - Major Federal Financial Assistance Programs:

Grambling State University major federal financial assistance programs for the year ended June 30, 2000 were determined on a State level based upon program activity. Such programs are the Student Financial Assistance Cluster, Trio Cluster, Summer Food Service Program, and the Research and Development Cluster.

SUPPLEMENTAL DATA

SCHEDULE I

**GRAMBLING STATE UNIVERSITY
SCHEDULE OF DISCLOSURES FOR FEDERALLY ASSISTED LOANS
FOR THE YEAR ENDED JUNE 30, 2000**

<u>Program Name/Title</u>	<u>Federal CFDA NO.</u>	<u>Loans Made or Disbursed During Year</u>	<u>Outstanding Loan Balance</u>	<u>Principal and Interest Cancelled</u>
Federal Family Education Loan Program	84.032	<u>\$22,076,944</u>	N/A	N/A
Perkins Loan Program	84.038	<u>\$33,333</u>	<u>\$1,820,763</u>	N/A
Nursing Student Loan Program	93.364	<u>\$-0-</u>	<u>\$256,640</u>	N/A
College Housing and other Facilities Loans	84.142	N/A	<u>\$1,941,000</u>	N/A
National Defense/ Perkins Loans Military and Teacher Cancellations for Loans Made: Prior to July 1, 1972	84.037	N/A	N/A	\$-0-
After July 1, 1972	84.037	N/A	N/A	<u>\$6,483</u>
Department of Education - Housing Act of 1950	_____	N/A	<u>\$2,982,107</u>	N/A

See the Independent Auditors' Report on Supplementary Information.

SCHEDULE II

**GRAMBLING STATE UNIVERSITY
SCHEDULE OF FIXED PRICE CONTRACTS
FOR THE YEAR ENDED JUNE 30, 2000**

<u>Program Name</u>	<u>CFDA No.</u>	<u>Grantor</u>	<u>Period</u>	<u>Revenues</u>
(1)	(1)	(1)	(1)	(1)

- (1) Grambling State University did not receive any revenues under the terms of fixed-price contracts during the year ended June 30, 2000.

See the Independent Auditors' Report on Supplementary Information.

SCHEDULE III

GRAMBLING STATE UNIVERSITY
SCHEDULE OF SECONDARY SUBRECIPIENTS
OF MAJOR FEDERAL PROGRAMS
FOR THE YEAR ENDED JUNE 30, 2000

<u>Federal Grantor</u>	<u>CFDA or Other Number</u>	<u>Program Name</u>	<u>Activity</u>	<u>Secondary Subrecipient</u>
U.S. Department of the Army- Research and Development Cluster	DAAHO4- 95-1-0250	Parallel and Distributed Evaluation	\$150,764	Univ. of Houston
U.S. Department of the Army- Research and Development Cluster	DAAH04- 95-1-0250	Parallel and Distributed Evaluation	285,495	Florida A&M
U.S. Department of the Army - Research and Development Cluster	DAAHO4 95-1-0250	Parallel and Distributed Evaluation	<u>144,766</u>	Univ. of Central Florida
Total			<u>\$581,025</u>	

See the Independent Auditors' Report on Supplementary Information.

SCHEDULE IV

**GRAMBLING STATE UNIVERSITY
SCHEDULE OF STATE AGENCY/UNIVERSITY SUBRECIPIENTS
FOR FEDERAL PROGRAMS
FOR THE YEAR ENDED JUNE 30, 2000**

<u>Federal Grantor</u>	<u>CFDA or Other Number</u>	<u>Program Name</u>	<u>Activity</u>	<u>Secondary Subrecipient</u>
U.S. Department of Health and Human Services- National Institute of Health	2R256M51 773-02	Partnership for Minority Access	\$21,418	LSU Medical Center
U.S. Department of Health Services- National Institute of Health	2R256M51 773-02	Partnership for Minority Access	<u>11,931</u>	Southern University
Total			<u>\$33,349</u>	

See the Independent Auditors' Report on Supplementary Information.

SCHEDULE V

GRAMBLING STATE UNIVERSITY
SCHEDULE OF NON-FEDERAL EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2000

<u>PROGRAM NAME</u>	<u>CFDA NO.</u>	<u>AWARD PERIOD</u>	<u>CURRENT YEAR EXPENDITURES</u>
<u>Other Expenditures</u>			
State Grants	None	07/01/99 - 06/30/00	\$ 95,151
Private Gifts and Grants	None	07/01/99 - 06/30/00	406,336
University Restricted Funds	None	07/01/99 - 06/30/00	499,708
Academic Enhancement	None	07/01/99 - 06/30.00	<u>3,234,456</u>
Total other expenditures			<u>\$4,235,651</u>

See the Independent Auditors' Report on Supplementary Information.

SCHEDULE VI

GRAMBLING STATE UNIVERSITY
SCHEDULE OF INTER-AGENCY EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2000

<u>FEDERAL GRANTOR/ PROGRAM NAME</u>	<u>FEDERAL CFDA OR OTHER NUMBER</u>	<u>PRIMARY STATE AGENCY</u>	<u>CURRENT YEAR EXPENDITURES</u>
U.S. Department of Agriculture - Summer Food Service Program	10.559	Department of Education	\$ 45,615
U.S. Department of Labor - Welfare to Work Grants to States and Localities	17.253	Department of Labor	293,774
U.S. Department of State - Program for Study of Eastern Europe and Independent States of Former Soviet Union	19.300	Louisiana State University	35,268
National Aeronautics and Space Administration - La Space	43.R181537	Louisiana State University	2,500
National Science Foundation - Mathematical and Physical Science	47.049	Board of Regents	159,056
National Science Foundation - Tech/GSU JFAB	47.EPS9720652	Board of Regents	15,082
National Science Foundation - Computer and Information Science and Engineering	47.070	Louisiana Tech	19,680
U.S. Department of Energy - State Energy Program	81.041	Department of Natural Resources	116,858

See the Independent Auditors' Report on Supplementary Information.

SCHEDULE VI

GRAMBLING STATE UNIVERSITY
SCHEDULE OF INTER-AGENCY EXPENDITURES, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2000

FEDERAL GRANTOR/ PROGRAM NAME	FEDERAL		PRIMARY STATE AGENCY	CURRENT YEAR EXPENDITURES
	CFDA OR OTHER NUMBER			
U.S. Department of Energy - Office of Science Finance Assistance Program	81.049		University of Louisiana at Lafayette	\$ 32,095
U.S. Department of Energy - University Coal Research	81.057		University of Louisiana at Lafayette	4,800
U.S. Department of Education - Vocational Education - Basic Grants to States	84.048		Department of Education	2,779
U.S. Department of Health and Human Services- Child Welfare	CFMSS45709		Department of Social Services	70,683
Corporation for National and Community Service - Ameri Corps	94.006		Department of Education	<u>29,491</u>
				<u>\$827,681</u>

See the Independent Auditors' Report on Supplementary Information.

& Tervalon, LLP

MICHAEL B. BRUNO, CPA
ALCIDE J. TERVALON, JR., CPA
WALDO J. MORET, JR., CPA

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF THE SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

Dr. Steve Favors, President
Grambling State University
Grambling, Louisiana

We were engaged to audit the Schedule of Expenditures of Federal Awards of **Grambling State University (the University)** as of and for the year ended June 30, 2000. We were required to conduct our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. However, due to difficulties experienced by **the University** in ensuring that accounting transactions were accurately recorded to the accounting records, we were not able to apply the foregoing standards resulting in our disclaiming an opinion on the Schedule of Expenditures of Federal Awards. The component unit financial statements are audited by the State of Louisiana Legislative Auditor whose report dated December 11, 2000 contained a disclaimer of an opinion on the general purpose financial statements.

Compliance

As part of our attempt to obtain reasonable assurance about whether **the University's** Schedule of Expenditures of Federal Awards is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND
INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF THE SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

(CONTINUED)

provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under Government Auditing Standards and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2000-01.

Internal Control Over Financial Reporting

In planning and attempting to perform our audit, except for System III Loan Servicing Information System internal control categories at **the University's** contracted outside service center in connection with processing transactions for the NDSI/Perkins program, we considered **the University's** internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the Schedule of Expenditures of Federal Awards and not to provide assurance on the internal control over financial reporting. However, because of inadequacies in **the University's** internal accounting and information system's controls and related accounting records, the scope of our work was not sufficient to express, and we do not express, an opinion on the Schedule of Expenditures of Federal Awards and related notes. We noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the University's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 2000-01.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND
INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF THE SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

(CONTINUED)

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the Schedule of Expenditures of Federal Awards being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable condition described above to be a material weakness.

For the information system internal control categories at the contracted outside service center, another accountant performed procedures to obtain reasonable assurance about whether (1) the description of controls related to the System III Loan Servicing System application of EFG Technologies present fairly, in all material respects, the aspects of EFG Technologies' controls that may be relevant to a user organization's internal control structure as it relates to an audit of the financial statements, (2) the controls included in the description were suitably designed to achieve the control objectives specified in the description, if those controls were complied with satisfactory, and (3) such controls had been placed in operation as of June 30, 2000. The other accountants' report has been furnished to us as of our report issuance date.

Also, we noted that other accountants for the outside service center performed testing of EDP general controls and as a result indicated that there were no relevant exceptions noted.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND
INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF THE SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

(CONTINUED)

This report is intended solely for the information and use of the President, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Bruno & Tervalon, LLP
BRUNO & TERVALON, LLP
CERTIFIED PUBLIC ACCOUNTANTS

December 27, 2000

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Dr. Steve Favors, President
Grambling State University
Grambling, Louisiana

Compliance

We were engaged to audit the compliance of **Grambling State University (the University)** with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2000. **The University's** major federal programs are identified in the Summary of Independent Auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of **the University's** management. We were responsible for expressing an opinion on **the University's** compliance based on our being engaged to perform an audit.

We were required to conduct our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(CONTINUED)

As described in Schedule III, audit finding 2000-02 in the accompanying schedule of findings and questioned costs, **the University** failed to ensure that accounting records were complete which result in greater risks of misclassification of accounts and incorrect postings of amounts, and greater risks that transactions and accounts that should be recorded to federal programs might be omitted. As such, we were unable to perform sufficient audit procedures with regard to financial related compliance matters to determine whether all Student Financial Aid, Trio Cluster, Summer Food Service Program and Research and Development major programs federal amounts were accurately reported and calculated properly in accordance with federal cost principles and related Departments of Education, Agriculture, Navy and Health and Human Services regulations, whether indirect cost amounts are correct, whether accurate costs were charged during the period of availability, whether cash drawdowns were proper, whether federal financial reports accurately reflect the financial activities of the federal programs, and whether certain special tests were performed accurately.

Because of the nature and magnitude of the potential effect of the previously noted financial related compliance matters, their indirect effect on certain programmatic compliance matters, and by their significance to each major program, the scope of our work was not sufficient to enable us to express, and we do not express an opinion on whether **the University** complied, in all material respects, with the types of requirements described in OMB Circular A-133 Compliance Supplement.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(CONTINUED)

However, the results of our attempt to perform auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as audit findings 2000-03, 2000-04, 2000-05, 2000-06, 2000-07 and 2000-08.

We did not audit **the University's** compliance with the regulations governing the administration of the NDSL/Perkins program as set forth in the Code of Federal Regulations CFR 34, Part 674.42, 674.43 and 674.44. Those administrative requirements govern functions performed by the outside service center. Since we did not apply auditing procedures to satisfy ourselves regarding compliance with those requirements, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on compliance with those requirements.

The outside service center's compliance assertions with respect to its servicing of the Federal Perkins Loan program was examined by other accountants, whose report was furnished to us as of our report issuance date. Based on our review of the other accountant's report, we have determined that all of the compliance requirements included in the OMB Circular A-133 Compliance Supplement that are applicable to the programs in which **the University** participates are addressed in either our report or the report of the other accountants. The independent accountants indicated that no findings or questioned costs were noted as a result of the compliance attestation examination on the outside service center.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(CONTINUED)

Internal Control Over Compliance

The management of **the University** is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and attempting to perform our audit, except for the functions performed at **the University's** contracted outside service center in connection with processing transactions for the NDSL/Perkins program, we considered **the University's** internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of attempting to express an opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

For the internal control over compliance categories at the contracted outside service center, other accountants examined management's assertions with respect to establishing internal control systems that assured compliance with due diligence, maintaining repayment records and generating Perkins financial data. The other accountants' report has been furnished to us as of our report issuance date.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect **the University's** ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 2000-02, 2000-03, and 2000-04.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(CONTINUED)

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We consider all of the reportable conditions described above to be material weaknesses.

Also, we noted that other accountants for the outside service center indicated that there were no findings or questioned costs noted during the current year's attestation review.

This report is intended solely for the information and use of the President, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Bruno & Tervalon, LLP
BRUNO & TERVALON, LLP
CERTIFIED PUBLIC ACCOUNTANTS

December 27, 2000

SCHEDULE I

SUMMARY OF THE INDEPENDENT AUDITORS' RESULTS

GRAMBLING STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SUMMARY OF THE INDEPENDENT AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2000

1. Type of report issued on the financial statements: **Disclaimer**.
2. Did the audit disclose any reportable conditions in internal control: **Yes**.
3. Were any of the reportable conditions material weaknesses: **Yes**.
4. Did the audit disclose any noncompliance which is material to the financial statements of the organization: **Yes**.
5. Did the audit disclose any reportable conditions in internal control over major programs: **Yes**.
6. Were any of the reportable conditions in internal control over major programs material weaknesses: **Yes**.
7. Type of report issued on compliance for major programs: **Disclaimer**.
8. Did the audit disclose any audit findings which the independent auditors are required to report under OMB Circular A-133, Section 510(a): **Yes**.

GRAMBLING STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SUMMARY OF THE INDEPENDENT AUDITORS' RESULTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2000

9. The following is an identification of major programs:

<u>CFDA Number</u>	<u>Federal Program</u>
10.559	Summer Food Service Program
DAAH-04-95-1-0250	Parallel and Distributed Evaluation - Research and Development Grant
12.300	Basic and Applied Scientific Research
84.042	Trio-Student Support Service
84.047	Trio-Upward Bound
84.007	Federal Supplemental Education Opportunity Grants
84.032	Federal Family Education Loans
84.033	Federal Work-Study Program
84.063	Federal Pell Grant Program
84.038	Federal Perkins Loan Program
93.282	Mental Health National Research
93.364	Nursing Student Loans

10. The dollar threshold used to distinguish between Type A and Type B Programs, as described in OMB Circular A-133, Section 520(b) is as follows:

<u>Program</u>	<u>Amount</u>
Type A	Major Programs are determined on a State level.

11. Did the auditee qualify as a low-risk auditee under OMB Circular A-133, Section 530:
No.

SCHEDULE II
FINANCIAL STATEMENT FINDINGS

GRAMBLING STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2000
FINANCIAL STATEMENTS FINDINGS

INTERNAL CONTROL OVER FINANCIAL REPORTING AND COMPLIANCE

Audit Finding Reference Number

2000-01 - Financial Management System

CRITERIA

OMB Circular A-110 specifies that financial management systems of **the University** must provide accurate, current and complete disclosure of the financial results of each federally-sponsored project or program and provide records that adequately identify the source and application of funds for federally-sponsored activities.

CONDITIONS

We noted that the Office of the Legislative Auditor disclaimed an opinion on the financial statements of **the University**, because the accounting records were not complete and contained inadequacies. Also, the Office of the Legislative Auditor noted certain reportable conditions and material weaknesses that existed with respect to the Restricted Fund of **the University**, with the management of **the University** agreeing that such conditions existed during the year ended June 30, 2000. **The University** accounts for expenditures and receipts of federal awards in the Restricted Fund.

We noted that **the University** could not locate purchase orders, approved invoices and cancelled checks for two (2) expenditures totaling \$26,741 and an interdepartmental requisition totaling \$25,669.

GRAMBLING STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2000
FINANCIAL STATEMENTS FINDINGS, CONTINUED

INTERNAL CONTROL OVER FINANCIAL REPORTING AND COMPLIANCE,
(CONTINUED)

Audit Finding Reference Number, Continued

2000-01 – Financial Management System

EFFECT

The failure to ensure that accounting transactions were accurately recorded and the failure to ensure that adequate information systems support and controls exist, result in greater risks of misclassification of accounts and incorrect postings of amounts, and greater risks that transactions and accounts that should be recorded in the Schedule of Expenditures of Federal Awards might be omitted. Furthermore, **the University** has not ensured that the financial management system was maintained in accordance with federal and state regulations.

RECOMMENDATION

We recommend that management of **the University** continue in their efforts to ensure a federal and state compliant financial management system (the System) is implemented and that all accounting transactions are properly recorded to the System.

SCHEDULE III

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

GRAMBLING STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2000
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

INTERNAL CONTROL OVER COMPLIANCE AND COMPLIANCE

Audit Finding Reference Number

2000-02 - Financial Management and Information Systems

Federal Programs

U.S. Department of Defense

U.S. Department of Education

CONDITIONS, EFFECT OF CONDITION AND RECOMMENDATIONS

As described in audit finding 2000-01, **the University** failed to ensure that accounting transactions were accurately recorded and complete and that adequate information systems support and controls existed. Also, because of the noted failures, certain financially related compliance matters were effected such as allowable cost/cost principles, cash management, period of availability, reporting and special tests and provisions.

We recommend that management of **the University** continue in their efforts to ensure a federal and state compliant financial management system is implemented and that all accounting transactions are properly recorded to the financial reporting module and adequate information systems controls and support exist.

GRAMBLING STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2000
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS, CONTINUED

INTERNAL CONTROL OVER COMPLIANCE AND COMPLIANCE

Audit Finding Reference Number

2000-03 - Federal Financial Reports

Federal Program and Specific Federal Award identification

CFDA TITLE AND NUMBER

DAAH04 - 95-1-0250	Parallel and Distributed Evaluation, Visualization and Reasoning to Advanced Distributive Interactive Simulation Technology
CFDA 12.300	Basic and Applied Scientific Research
CFDA 84.042	TRIO - Student Support Service
CFDA 84.047	TRIO - Upward Bound
CFDA 84.007	Federal Supplemental Educational Opportunity Grants
CFDA 84.033	Federal Work-Study Program
CFDA 84.063	Federal Pell Grant Program
CFDA 93.282	Mental Health National Research

GRAMBLING STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2000
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS, CONTINUED

INTERNAL CONTROL OVER COMPLIANCE AND COMPLIANCE
(CONTINUED)

Audit Finding Reference Number, Continued

2000-03 - Federal Financial Reports

FEDERAL AWARD YEAR

June 30, 2000

FEDERAL AGENCIES

U.S. Department of Defense - Department of the Navy
U.S. Department of Education
U.S. Department of Health and Human Services

PASS-THROUGH ENTITY

NONE

CRITERIA

OMB Circular A-133 Compliance Supplement Part 3, Section L stipulates that reports for federal awards shall include all activity of the reporting period, be supported by applicable accounting records, and be fairly presented in accordance with program requirements. Also, OMB Circular A-133 Compliance Supplement Part 4, Section L stipulates that cumulative drawdown amounts in the Grant Administration and Payment System should accurately reflect the grantee's actual disbursement of funds by award.

GRAMBLING STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2000
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS, CONTINUED

INTERNAL CONTROL OVER COMPLIANCE AND COMPLIANCE
(CONTINUED)

Audit Finding Reference Number, Continued

2000-03 - Federal Financial Reports

CONDITIONS AND PERSPECTIVE

We noted during our audit that certain grant expenditures reflected on the related federal financial reports submitted during the year ended June 30, 2000 did not agree in total to the University's records as follows:

<u>Grant Name</u>	<u>CFDA/Contract Number</u>	<u>Total Amount Per Federal Reports</u>	<u>Total Per University's Records</u>	<u>Difference Over (Under)</u>
Parallel and Distributed Evaluation Student Support	DAAH04-95-1-0250	\$953,241	\$1,012,714	\$ (59,473)
	84.042	78,772	198,416	(119,644)

GRAMBLING STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2000
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS, CONTINUED

INTERNAL CONTROL OVER COMPLIANCE AND COMPLIANCE
(CONTINUED)

Audit Finding Reference Number, Continued

2000-03 - Federal Financial Reports

CONDITIONS AND PERSPECTIVE, CONTINUED

<u>Grant Name</u>	<u>CFDA/Contract Number</u>	<u>Total Amount Per Federal Reports</u>	<u>Total Per University's Records</u>	<u>Difference Over (Under)</u>
Upward Bound	84.047	\$ 420,584	\$ 535,424	\$(114,840)
Federal SEOG	84.007	448,449	752,097	(303,648)
Federal Work-Study - 2000	84.033	539,434	611,438	(72,004)
Federal Work-Study - 1999	84.033	653,453	642,890	10,563
Federal Pell - 2000	84.063	7,300,466	7,353,610	(53,144)
Mental Health Research	93.282	240,023	238,113	1,910

GRAMBLING STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2000
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS, CONTINUED

INTERNAL CONTROL OVER COMPLIANCE AND COMPLIANCE
(CONTINUED)

Audit Finding Reference Number, Continued

2000-03 - Federal Financial Reports

CAUSE

The University's accounting system did not provide the necessary financial information to ensure that certain federal financial reports were accurately prepared.

QUESTIONED COSTS

For purposes of this finding, we have not questioned any costs.

EFFECT

It appears that certain federal financial reports contained inaccurate financial information.

RECOMMENDATION

We recommend that management of the University continue in its efforts to correct the noted conditions and to ensure that accurate financial information is submitted to the federal government in the future.

GRAMBLING STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2000
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

INTERNAL CONTROL OVER COMPLIANCE AND COMPLIANCE

Audit Finding Reference Number

2000-04 - Cash Management

Federal Program and Specific Federal Award identification

CFDA TITLE AND NUMBER

CFDA 12.910	Research and Technology Development
CFDA 84.033	Federal Work-Study
CFDA 84.021	International Overseas Group
CFDA 84.031	Higher Education - Institutional Aid
CFDA 84.063	Federal Pell Grant Program

FEDERAL AWARD YEAR

June 30, 2000

FEDERAL AGENCIES

U.S. Department of Defense
U.S. Department of Education
U.S. Department of Health and Human Services

PASS-THROUGH ENTITY

NONE

GRAMBLING STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2000
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS, CONTINUED

INTERNAL CONTROL OVER COMPLIANCE AND COMPLIANCE
(CONTINUED)

Audit Finding Reference Number, Continued

2000-04 - Cash Management

CRITERIA

OMB Circular A-133 Compliance Supplement Part 3, Section C stipulates that when entities are funded on a reimbursement basis, program costs must be paid for by entity funds before reimbursement is requested from the Federal Government. Also, recipient of federal funds must follow procedures to minimize the time elapsing between the transfer of funds from the U.S. Treasury, and their disbursement.

CONDITIONS AND PERSPECTIVE

The management of **the University**, in an attempt to provide supporting documentation for restricted fund grants receivable, prepared an analysis that effectively reduced the grant receivable amount that was originally reported in **the University's** June 30, 2000 financial statements from \$3,663,171 to \$747,012, a reduction of \$2,916,159.

Furthermore, the \$747,012 which was represented to be the adjusted balance contained questionable credit balances totaling \$2,533,960 for certain federal and state grants.

CAUSE

The management of **the University** has indicated that further review, adjustments and re-allocation are required to be performed.

GRAMBLING STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2000
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS, CONTINUED

INTERNAL CONTROL OVER COMPLIANCE AND COMPLIANCE
(CONTINUED)

Audit Finding Reference Number, Continued

2000-04 - Cash Management

QUESTIONED COSTS

For purposes of this finding, we have not questioned any costs.

EFFECT

It appears that management of **the University** has not adhered to cash management requirements, resulting in excess cash being requested from federal agencies.

RECOMMENDATION

We recommend that management of **the University** continue in their efforts to reconcile the account. Upon completion, the results of the reconciliation should be provided to the appropriate federal agencies and the Legislative Auditor.

GRAMBLING STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2000
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS, CONTINUED

COMPLIANCE

Audit Finding Reference Number

2000-05 Satisfactory Academic Progress

Federal Program and Specific Federal Award Identification

CFDA TITLE AND NUMBER

CFDA 84.063 - Federal Pell Grant Program (Pell)

CFDA 84.032 - Federal Family Education Loan Program (FFEL)

CFDA 84.007 - Federal Supplemental Educational Opportunity
Grant Program (FSEOG)

FEDERAL AWARD YEAR

June 30, 2000

FEDERAL AGENCY

Department of Education

PASS-THROUGH ENTITY

Not applicable.

CRITERIA

Title IV regulations, 34 CFR Section 668.32 © stipulates that students participating in the Title IV Federal Financial Aid programs must be maintaining satisfactory progress in the course of study he or she is pursuing, according to the standards and practices of that institution to receive student financial aid.

OMB Circular A-133 Compliance Supplement Part 5 Appendix A, Student Financial Assistance - Student Eligibility Compliance Requirement Number (6) stipulates that a student must maintain good standing, or satisfactory progress.

GRAMBLING STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2000
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS, CONTINUED

COMPLIANCE, CONTINUED

Audit Finding Reference Number, Continued

2000-05 Satisfactory Academic Progress

CONDITIONS AND PERSPECTIVE

We noted during our audit that one (1) student out of sixty-five (65) tested was awarded and received financial aid, although the student did not meet the University standards for achieving satisfactory academic progress.

CAUSE

It appears that the University inadvertently disbursed aid to an academically ineligible student.

QUESTIONED COSTS

For purposes of this finding, we have questioned costs as follows:

	<u>Amount</u>
Federal Family Education Loan Program	\$2,502
Federal Pell Grant Program	781
Federal Supplemental Educational Opportunity Grant Program	<u>300</u>
Total	<u>\$3,583</u>

GRAMBLING STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2000
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS, CONTINUED

COMPLIANCE, CONTINUED

Audit Finding Reference Number, Continued

2000-05 Satisfactory Academic Progress

EFFECT

Student did not maintain satisfactory academic progress who received financial aid.

RECOMMENDATION

We recommend that **the University** adhere to established policies and procedures and monitor the academic standing of all students prior to awarding student financial aid.

GRAMBLING STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2000
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS, CONTINUED

COMPLIANCE

Audit Finding Reference Number

2000-06 - Aid Exceeded Documented Need

Federal Program and Specific Federal Award Identification

CFDA TITLE AND NUMBER

CFDA 84.032 - Federal Family Education Loan Program (FFEL)

FEDERAL AWARD YEAR

June 30, 2000

FEDERAL AGENCY

Department of Education

PASS-THROUGH ENTITY

Not applicable

CRITERIA

OMB Circular A-133 Compliance Supplement, Part 5, Section E (Eligibility) specifies that the annual award should be calculated based upon certain factors and coordinated among all programs to ensure that the total aid is not awarded in excess of the student's financial need.

Title IV regulations, Section(s) 673.5, 673.6, 682.603, and 685.301 state that an institution may not award financial aid to a student if the aid, when combined with other resources, exceeds the student's financial need.

GRAMBLING STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2000
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS, CONTINUED

COMPLIANCE, CONTINUED

Audit Finding Reference Number, Continued

2000-06 - Aid Exceeded Documented Need

CONDITION AND PERSPECTIVE

During our audit we noted that four (4) students out of sixty-five (65) tested received financial aid in excess of their documented need.

CAUSE

It appears that **the University** did not properly monitor the awarding and disbursing of financial aid to certain students.

QUESTIONED COSTS

For purposes of this condition, we have questioned costs totaling \$1,610.

EFFECT

The failure of **the University** to consider all available resources resulted in the over-awarding of financial aid.

RECOMMENDATION

We recommend that **the University** adhere to established procedures and ensure that the total financial aid received by students does not exceed their documented need.

GRAMBLING STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2000
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS, CONTINUED

COMPLIANCE

Audit Finding Reference Number

2000-07 - Special Reporting

Federal Program and Specific Federal Award Identification

CFDA TITLE AND NUMBER

CFDA 84.038	Federal Perkins Loan Program
CFDA 84.033	Federal Work-Study Program (CWS)
CFDA 84.063	Federal Pell Grant Program
CFDA 84.007	Federal Supplemental Educational Opportunity Grant (SEOG)

FEDERAL AWARD YEAR

June 30, 2000

FEDERAL AGENCY

U.S. Department of Education

PASS-THROUGH ENTITY

None

CRITERIA

OMB Circular A-133, Compliance Supplement Part 5, Student Financial Assistance Programs, Section III, Part L-3 (a) specifies that certain information per the Fiscal Operations Report and Application to Participate (the FISAP) must agree to certain accounting and programmatic records.

GRAMBLING STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2000
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS, CONTINUED

COMPLIANCE, CONTINUED

Audit Finding Reference Number
 2000-07 - Special Reporting

CONDITIONS AND PERSPECTIVES

We noted during our audit that certain financial information reported on the FISAP did not agree to the University's accounting and programmatic records as follows:

<u>PART NUMBER</u>	<u>DESCRIPTION</u>	<u>FISAP AMOUNT</u>	<u>AMOUNT PER UNIVERSITY'S RECORDS</u>
II, Section E	Pell Expenditures	\$7,313,262	\$7,353,610
III, Section A	Institutional Capital Contributions	432,516	415,231
Part IV, Section D	Federal Share of Funds - SEOG	690,555	716,255
	Administrative Cost	-0-	35,842
Part V, Section D	Federal Share of Funds - CWS	692,185	583,796
	Administrative Cost	69,137	27,642

GRAMBLING STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2000
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS, CONTINUED

COMPLIANCE, CONTINUED

Audit Finding Reference Number, Continued

2000-07- Special Reporting

CAUSE

Certain financial and programmatic information was erroneously transferred to the FISAP.

QUESTIONED COSTS

For purposes of this condition, we have not questioned any costs.

EFFECT

The University failed to properly report certain information to the Department of Education.

RECOMMENDATION

We recommend that management of **the University** adhere to established procedures and ensure that information reported on the FISAP is accurate.

GRAMBLING STATE UNIVERSITY

EXIT CONFERENCE

The audit report was discussed at an exit conference which was held with representatives of the University. Those individuals participating were as follows:

GRAMBLING STATE UNIVERSITY

Dr. Steve Favors	--	President
Ms. Alvina Thomas	--	Financial Aid Director
Ms. Anna Rugege	--	Assistant Financial Aid Director
Ms. Brenda Willis	--	Grants Administration
Ms. Phyllis Spriggins	--	Comptroller

BRUNO & TERVALON, LLP, CERTIFIED PUBLIC ACCOUNTANTS

Mr. Michael B. Bruno, CPA, CGFM	--	Managing Partner
Mr. Edward J. Phillips, Jr.	--	Senior Manager
Mr. Sean Bruno, CPA	--	Senior Auditor

The University's responses to the audit report are provided under a separate transmittal.

Bruno & Tervalon, LLP
BRUNO & TERVALON, LLP
CERTIFIED PUBLIC ACCOUNTANTS

December 27, 2000

GRAMBLING STATE UNIVERSITY
AUDIT INFORMATION SCHEDULE

Lead Auditor: BRUNO & TERVALON, LLP, Certified Public Accountants
Michael B. Bruno, CPA, CGFM, Managing Partner
Edward J. Phillips, Jr., Senior Manager

License Number: L 1218

Telephone Number: (504) 284-8733

The audit field work was performed between September 5, 2000 and December 27, 2000 at the institution's facilities as follows:

<u>LOCATION</u>	<u>DESCRIPTION OF FACILITY (ADMIN. OR SFA OFFICES, MAIN CAMPUSES, ETC)</u>
Grambling State University (main campus)	Office of Student Financial Aid and Federal Grant office (main campus)

Institution's Accrediting Organization: Southern Association of Colleges and Schools, and the National Council for Accreditation of Teacher Education.

The institution utilizes a SFA Servicer.

EFG Technologies, Inc.
2400 Reynolda Road
Winston-Salem, North Carolina 27106

The following functions are provided by this SFA Servicer:

1. Billing Students - Perkins Loans
2. Collection of Loan principal and interest - Perkins Loans
3. Processing of cancellations and deferments - Perkins Loans

A review of the Servicer's internal control over compliance was performed by the Service bureau's independent public accountant.

Records for the accounting and administration of the SFA programs are located at:

Grambling State University
Grambling, Louisiana 71245
Office of Student Financial Aid



Grambling State University

OFFICE OF THE PRESIDENT

Grambling, Louisiana 71245

RECEIVED
LEGISLATIVE AUDITOR

2001 JAN -5 PM 4:11

P.O. DRAWER 607

(318) 274-6117

FAX: (318) 274-6172

January 3, 2001

Mr. Michael Bruno, CPA
Managing Partner
Bruno & Tervalon, LLP,
Certified Public Accountants

Dear Mr. Bruno;

Enclosed please find the corrective action plans for the Single Audit Findings for fiscal year ending June 30, 2000.

Sincerely,

A handwritten signature in black ink, appearing to read "Steve A. Favors", with a long, sweeping flourish extending to the right.

Steve A. Favors
President

**GRAMBLING STATE UNIVERSITY
STUDENT FINANCIAL AID AND SCHOLARSHIP AUDIT FINDINGS
FOR FISCAL YEAR ENDED JUNE 30, 2000**

RESPONSE TO AUDIT FINDING 2000-01 -- FINANCIAL MANAGEMENT SYSTEM

CONDITIONS AND PERSPECTIVE:

We noted that the Office of the Legislative Auditor disclaimed an opinion on the financial statements of the University, because the accounting records were not complete and contained inadequacies. Also, the Office of the Legislative Auditor noted certain reportable conditions and material weaknesses that existed with respect to the Restricted Fund on the University, with the management of the University agreeing that such conditions existed during the year ended June 30, 2000. The University accounts for expenditures and receipts of federal awards in the Restricted Fund.

RESPONSE AND PROPOSED CORRECTIVE ACTION PLAN:

We concur with the finding. The University has responded to each audit finding and has developed corrective action plans that address each of the audit findings that should result in elimination of the finding.

The BANNER Grant Module implemented in June 2000 provides Grants Administration with a reliable financial system that records disbursements and receipts in addition to establishing grants receivables based on expenditures and identifying deferred revenues.

ANTICIPATED COMPLETION DATE:

The quarterly reports for 9/30/00 and 12/31/00 along with reconciliations will be completed and submitted to the Vice President for Finance by January 31, 2001.

CONTACT PERSON:

Brenda Willis, Grants Administration

**GRAMBLING STATE UNIVERSITY
STUDENT FINANCIAL AID AND SCHOLARSHIP AUDIT FINDINGS
FOR FISCAL YEAR ENDED JUNE 30, 2000**

**RESPONSE TO AUDIT FINDING 2000-02 -- FINANCIAL MANAGEMENT AND
INFORMATION SYSTEMS**

CONDITIONS AND PERSPECTIVE:

As described in audit finding 2000-01, the University failed to ensure that accounting transactions were accurately recorded and complete and that adequate information systems support and controls existed. Also, because of the noted failures, certain financially related compliance matters were effected such as allowable cost/cost principles, cash management, period of availability, reporting and special tests and provisions.

We recommend that management of the University continue in their efforts to ensure a federal and state compliant financial management system is implemented and that all accounting transactions are properly recorded to the financial reporting module and adequate information systems controls and support exist.

RESPONSE AND PROPOSED CORRECTIVE ACTION PLAN:

We concur with the finding. The University has responded to each audit finding and has developed corrective action plans that address each of the audit findings that should result in the elimination of the finding.

The Banner Grant Module implemented in June 2000 provides Grants Administration with a reliable financial system that records disbursements and receipts in addition to establishing grants receivables based on expenditures and identifying deferred revenues.

ANTICIPATED COMPLETION DATE:

The quarterly reports for 9/30/00 and 12/31/00 along with reconciliations will be completed and submitted to the Vice President for Finance by January 31, 2001.

CONTACT PERSON:

Brenda Willis, Grants Administration

**GRAMBLING STATE UNIVERSITY
STUDENT FINANCIAL AID AND SCHOLARSHIP AUDIT FINDINGS
FOR FISCAL YEAR ENDED JUNE 30, 2000**

RESPONSE TO AUDIT FINDING 2000-03- FEDERAL FINANCIAL REPORTS

CONDITIONS AND PERSPECTIVE:

We noted during our audit that certain grant expenditures reflected on the related federal financial reports submitted during the year ended June 30, 2000 did not agree in total to the University's records.

RESPONSE AND PROPOSED CORRECTIVE ACTION PLAN:

We concur with the finding. The Banner Grant Module implemented in June 2000 provides Grants Administration with a reliable financial system that records disbursements and receipts in addition to establishing grants receivables based on expenditures and identifying deferred revenues.

The expenditure reconciliation for 1998-99 was completed along with the receivable reconciliation, based upon expenditures from the Banner System that were replaced by expenditures provided from TB2. The final expenditure amounts from 1998-99 were not reconciled and finally adjusted until November 2000. The initial adjustments were reflected in the financial reports submitted for the year ending June 30, 2000.

Since the expenditures from fiscal year 1998-99 was adjusted in November 2000, financial reports will be adjusted to reflect the corrected expenditures for 1998-99 as of December 31, 2000.

ANTICIPATED COMPLETION DATE:

December 31, 2000

CONTACT PERSON:

Brenda Willis, Grants Administrator

**GRAMBLING STATE UNIVERSITY
STUDENT FINANCIAL AID AND SCHOLARSHIP AUDIT FINDINGS
FOR FISCAL YEAR ENDED JUNE 30, 2000**

RESPONSE TO AUDIT FINDING 2000-04 – CASH MANAGEMENT

CONDITIONS AND PERSPECTIVE:

The management of the University, in an attempt to provide supporting documentation for restricted fund grants receivable, prepared an analysis that effectively reduced the grant receivable amount that was originally reported in the University's June 30, 2000 financial statements from \$3, 663,171 to \$747,012, a reduction of \$2,916,159.

Furthermore, the \$747,012 which was represented to be the adjusted balance contained questionable credit balances totaling \$2,533,960 for certain federal and state grants.

RESPONSE AND PROPOSED CORRECTIVE ACTION PLAN:

We do not concur with the finding. The University did not request and withdraw excessive cash from the federal agencies.

The BANNER Grant Module implemented in June 2000 provides Grants Administration with a reliable financial system that records disbursements and receipts in addition to establishing grants receivables based on expenditures and identifying deferred revenues.

A receivable reconciliation has been completed based upon expenditures from the Banner System that the replaced by expenditures provided from TB2. The final expenditures amounts from 1998-99 and related grants receivable compiled on TB2 and which impact the beginning balances from June 30, 2000 were not reconciled and finally adjusted until November 2000.

The lack of reconciliations for fiscal year 1998 and incomplete reconciliations in fiscal year 1999 required adjustments to the fiscal year 2000 grants receivable. The distribution of cash drawn from the Department of Education and the Department of Health and Human Services were not properly recorded. While the University did not overdraw its federal grants, it failed to properly distribute the funds that were drawn to the specific related grant fund. The University absolutely did not withdraw excessive cash from the federal agencies.

A journal voucher has been prepared and submitted the Accounting that will adjust the receivable in accordance to the grants schedule as of June 30, 2000 dated November 9, 2000. After the receivable is adjusted, the new grant module will provide accurate documentation for receivables balances.

Grants Administration will compile reconciliation quarterly for all grants and contracts. The quarterly reports will match expenditures and receivables with external agencies reporting sources such as the PMS 272, Edgaps, the NSF report, etc. The quarterly reports will be submitted to the Vice President for Finance for approval.

**GRAMBLING STATE UNIVERSITY
STUDENT FINANCIAL AID AND SCHOLARSHIP AUDIT FINDINGS
FOR FISCAL YEAR ENDED JUNE 30, 2000**

ANTICIPATED COMPLETION DATE:

The quarterly reports for 9/30/00 and 12/31/00, along with the reconciliation will be completed and submitted to the Office of the Vice President for Finance by January 31, 2001.

CONTACT PERSON:

Brenda Willis, Grants Administrator

GRAMBLING STATE UNIVERSITY
STUDENT FINANCIAL AID AND SCHOLARSHIP AUDIT FINDINGS
FOR FISCAL YEAR ENDED JUNE 30, 2000
RESPONSE TO AUDIT FINDING 2000-05 -- SATISFACTORY ACADEMIC PROGRESS

CONDITIONS AND PERSPECTIVE:

We noted during our audit that one (1) student out of sixty-five (65) tested was awarded and received financial aid, although the student did not meet the University standards for achieving satisfactory academic progress.

RESPONSE AND PROPOSED CORRECTIVE ACTION PLAN:

We concur with the finding. The Information Resource Center will review the program to evaluate satisfactory academic progress at the end of each spring semester to ensure that all students with unsatisfactory progress are identified.

ANTICIPATED COMPLETION DATE:

The review will be completed before the spring 2001 unsatisfactory report is produced.

CONTACT PERSON:

Anne Rugege, Assistant Director

**GRAMBLING STATE UNIVERSITY
STUDENT FINANCIAL AID AND SCHOLARSHIP AUDIT FINDINGS
FOR FISCAL YEAR ENDED JUNE 30, 2000**

RESPONSE TO AUDIT FINDING 2000-06 – AID EXCEEDED DOCUMENTED NEED

CONDITIONS AND PERSPECTIVE:

During our audit we noted that four (4) students out of sixty-five (65) tested received financial aid in excess of their documented need.

RESPONSE AND PROPOSED CORRECTIVE ACTION PLAN:

We concur with the finding. Members of management will review over-award reports to identify students who may have exceeded their documented need during the semester. Self-audits will be performed by members of management once a semester to identify areas of weakness/errors.

ANTICIPATED COMPLETION DATE:

There is no completion date. The review of over-award reports and the office self-audits will be ongoing.

CONTACT PERSON:

Kay Harper-Hayes, Coordinator for Fiscal Operations and Counseling
Sharon Reed, Supervisor for Counseling and Student Loans

GRAMBLING STATE UNIVERSITY
STUDENT FINANCIAL AID AND SCHOLARSHIP AUDIT FINDINGS
FOR FISCAL YEAR ENDED JUNE 30, 2000

RESPONSE TO AUDIT FINDING 2000-07 SPECIAL REPORTING

CONDITION AND PERSPECTIVE:

The Independent Auditors noted that certain financial information reported on the FISAP did not agree to the University's accounting and programmatic records.

RESPONSE AND PROPOSED CORRECTIVE ACTION PLAN:

We concur with the finding. Staff from the financial aid and accounting departments did not reconcile the FISAP prior to the issuance of the university's financial statements. The university will ensure that in the future the two departments will work together to reconcile the balances in the general ledger to the financial aid records.

ANTICIPATED COMPLETION DATE:

This is on-going and will be performed monthly.

CONTACT PERSON:

Phyliss Spragin, Comptroller
Alvina Thomas, Director of Financial Aid